



December 15, 2014

Mary Nichols  
Chairman  
California Air Resources Board  
1001 "I" Street  
Sacramento, California 95814

Re: Comments on proposed amendments to US Forests Compliance Offset Protocol

Dear Chairman Nichols,

The American Carbon Registry (ACR), an approved Offset Project Registry (OPR) for the California Cap-and-Trade program, respectfully submits the following comments regarding proposed amendments to the US Forests Compliance Offset Protocol dated October 28, 2014. Herein, ACR provides public comments on the proposed protocol as part of the 45-day comment period.

ACR believes that updating the US Forests compliance offset protocol is important to improve clarity, consistency and workability; however, we are concerned about some of the large-scale impacts of the proposed updates on offset volume, project pipelines, market participation and protocol usability.

As an Offset Project Registry, we are in daily contact with numerous Forest Offset Project Operators, Authorized Project Designees, technical consultants, investors, offset buyers and other key stakeholders who have expressed significant concerns about a number of specific protocol updates. We want to ensure that ARB members and management understand the concerns that have been brought to our attention.

As an OPR, ACR shares ARB's commitment to offset protocols that reflect the best possible science, ensuring the environmental integrity of California's landmark Cap-and-Trade Program. ACR is also dedicated to the demonstration of robust market-based programs as the most efficient means to reduce emissions cost effectively. With a wealth of experience in agriculture, forestry and land use GHG accounting methodologies, ACR appreciates ARB's work towards ensuring offset integrity through a clear and transparent protocol update process. It is in this light that we respectfully submit our comments, which are summarized below.

***1. Modification to Even-age management eligibility requirements (3.1(a)(4)(A) – (C))***

The proposed language introduces minimum basal area retention and buffer area requirements that will

apply to projects where even-aged management is implemented. This requirement will require even-aged harvest units (called 'Open Canopy Harvest Units') between 3—40 acres, and with less than 50 square feet of basal area retention, to have a surrounding buffer of forest vegetation containing at least 50 square feet of basal area retention. The width of the buffer area is calculated by multiplying the area of the harvest unit (in acres) by a factor of 40. This buffer width (in feet) must surround all sides of the Open Canopy Harvest Unit.

This change will have the effect of discouraging owners of working forests to enter the offset program due to the excessively high retention requirement of 50 square feet, and the buffer size requirement. These proposed requirements are significantly more restrictive than the California Forest Practices Rules (i.e., the Forest Practice Rules require only 300 feet and an area equivalent to the area of harvest as a buffer). The policy motivation for such significant additional stringency is unclear.

Requiring a buffer that meets the proposed size requirements at the time of project commencement around each 'open canopy' unit is not aligned with commonly implemented forest management practices and silvicultural techniques in the United States. This requirement also differs significantly from what sustainable forest certification programs including Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI) and American Tree Farm (ATF) require in terms of post-harvest adjacency and retention. This proposed language would exclude the majority of forest owners practicing even-aged management systems, including clear-cutting, seed tree and shelter-wood systems. A 20 acre even-aged harvest unit would require a buffer of approximately 127 acres and for a 40 acre even-aged harvest the required buffer area would be approximately 429 acres. It is not economical or ecologically sound to keep such a large area of land effectively out of management after each 'open canopy' harvest. In addition, the changes in silvicultural planning to conform to the proposed buffer and retention requirement, especially in areas where timber prices and log quality are low, would be financially impossible.

Further, maintaining 50 square feet retention in the buffer would be both ecologically detrimental and economically infeasible for most forest land owners in the United States. Requiring maintenance of such a high retention level would, for example, result in a forest manager's inability to conduct preparatory shelterwood cuts to allow for regeneration of the understory. Without this release, the forest age structure would be negatively impacted, and could have deleterious effects on important habitats as well as overall forest health. Maintaining such a high retention across such vast areas could also negatively impact wildlife species that require early successional forest habitat, or species that require large areas for browsing.

Finally, this requirement would add to the cost and complexity of project verification services, as both harvest units and their very large buffer area would need to be verified to ensure the minimum basal area.

We propose lowering the buffer size requirements to ensure compatibility with sustainable forest management practices in the United States. We recommend considering the CA Forest Practice Rules section 913.1, 933.1, 953.1 (a)(3) as a guide for setting this requirement. Further, we recommend changing the minimum basal area retention to 30 square feet to ensure that forest management can also meet regional ecological goals that also continue to be economically viable.

## ***2. Modification to minimum baseline calculation for IFM projects (5.2.1(d))***

The proposed language requires projects that are above common practice to compare project area carbon stocks to those of either the Logical Management Unit (LMU) or the entire landholding of the

project owner (within the same assessment area). We believe that this adds unnecessary cost and complication to verification services without adding any beneficial stringency or conservatism to the protocol.

The protocol defines additionality on the basis of whether carbon stock levels within the project area are a result of legal requirements, and also how they compare to regional stocking averages. It is not relevant how a project area compares to its surrounding LMU; forest owners should be applauded for committing their high stocked forest areas to 100+ years of maintaining, monitoring and verifying carbon stocks. We believe that this proposed language will remove the incentive for large land owners to commit portions of their forest land, resulting in non-participation in the offset program.

Further, requiring verifiers to come to reasonable assurance as to the validity of carbon stock estimates in areas outside of the project area, especially in cases where there is no inventory in place, is difficult, if not impossible. This requirement is likely to lead to significant uncertainty and inaccuracy, as well as higher verification costs.

In summary, we recommend delaying adoption of both of the items highlighted in this letter until a committee of qualified forestry professionals is convened to advise on an informed and technically rigorous resolution to the proposed changes and revised protocol language. It is our experience that such impactful changes to a protocol result in reduced participation of landowners in California's offset program in addition to investment uncertainty in forestry offset projects. Most importantly, we believe that the protocol currently contains sufficient stringencies and safeguards to ensure sustainable and natural forest management.

Thank you for the opportunity to provide our comments to ARB.

Respectfully,

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